

AoFrio

WHITE PAPER

**How an investment in IoT
for the field refrigeration
fleet recovered 40%
of lost assets and
achieved ROI in less
than two years**





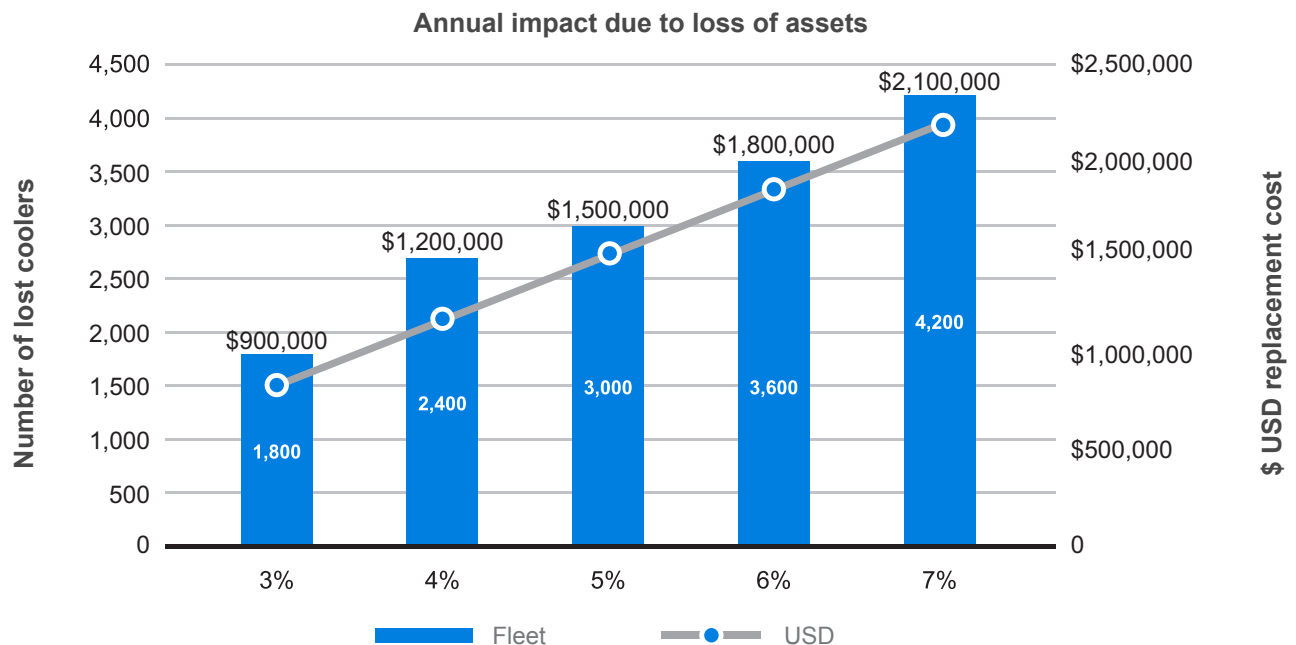
Beverage brands and bottlers market their ready-to-drink products at the perfect consumption temperature. This often requires the supply of commercial refrigeration assets to the point of sale, called “coolers”. Unfortunately, coolers are often stolen or misplaced due to poor compliance with business processes. Many bottlers do not have an affordable commercial strategy to recover these lost assets.

A recent survey of our Latin American customers found that, on average, they lose between **3% and 7% of the total cooler fleet annually**. This loss translates into millions of dollars for companies that must double down and reinvest in new assets to maintain their market position and share of cold inventory.

On average Latin American bottlers misplace or lose to theft between 3% and 7% of their cooler fleet annually.

Considering an average bottler with a fleet of 60,000 coolers and a 4% annual loss rate, in one year 2,400 coolers would be lost. With an average cooler replacement cost of US\$500 each, the annual capital expenditure impact adds up to USD \$1.2m.

The following graph represents the potential capital expenditure impact for the same company, based on different asset loss scenarios, as a percentage of the total fleet lost annually.



This study will share how our **AoFrio™ IoT** commercial refrigeration solution is currently driving the **recovery of more than 40%** of lost assets for a bottler in Latin America. These coolers had already been written off and the bottler was about to invest two or three times more in replacements than the book value of the lost assets.



As a first step, the company linked the functional areas to implement this asset recovery.

The participating teams were in charge of the following.

1. Management of commercial assets: responsible for the management and profitability of field assets, including coolers.
2. Internal control (audit): responsible for managing sensitive information resulting from investigations once the coolers were found.
3. Commercial: responsible for assigning and contracting the cooler assets to the customer. The commercial team is involved in certain stages of the recovery process and often through validation of delivery of the contract as required by the internal control team.
4. Technical service: responsible for the physical recovery of the cooler once it is found in the field, and often required to attempt several different recovery options.

With the team briefed, the bottler carried out the following activities.

1. The company had previously installed AoFrio's **SCS** electronic controllers to many of their new build coolers. The **SCS** logs and stores several data points of cooler operation to provide insights on sales and mechanical function. The acquisition of the **SCS** data and geolocation is carried out via Bluetooth to a secure app on a nearby smartphone.
2. This company implemented an ambitious and disciplined cooler data collection plan, integrating AoFrio's data acquisition software (SDK) within its own sales force automation (SFA) app. The app was deployed to all commercial teams that regularly visit points-of-sale where coolers are located.
3. AoFrio's IoT technology's passive data acquisition and geolocation capability allowed the company's personnel to collect the precise location and asset number of coolers scattered in the field, at ranges up to 30m away from the cooler and while they carry out their everyday activities.
4. After several months of data collection, an internal control list was generated to identify which lost coolers had been located in the field along with their precise location.
5. Armed with the internal control list, staff cross-referenced the actual cooler location with the list location and carried out search and recovery activities with members of the different teams.

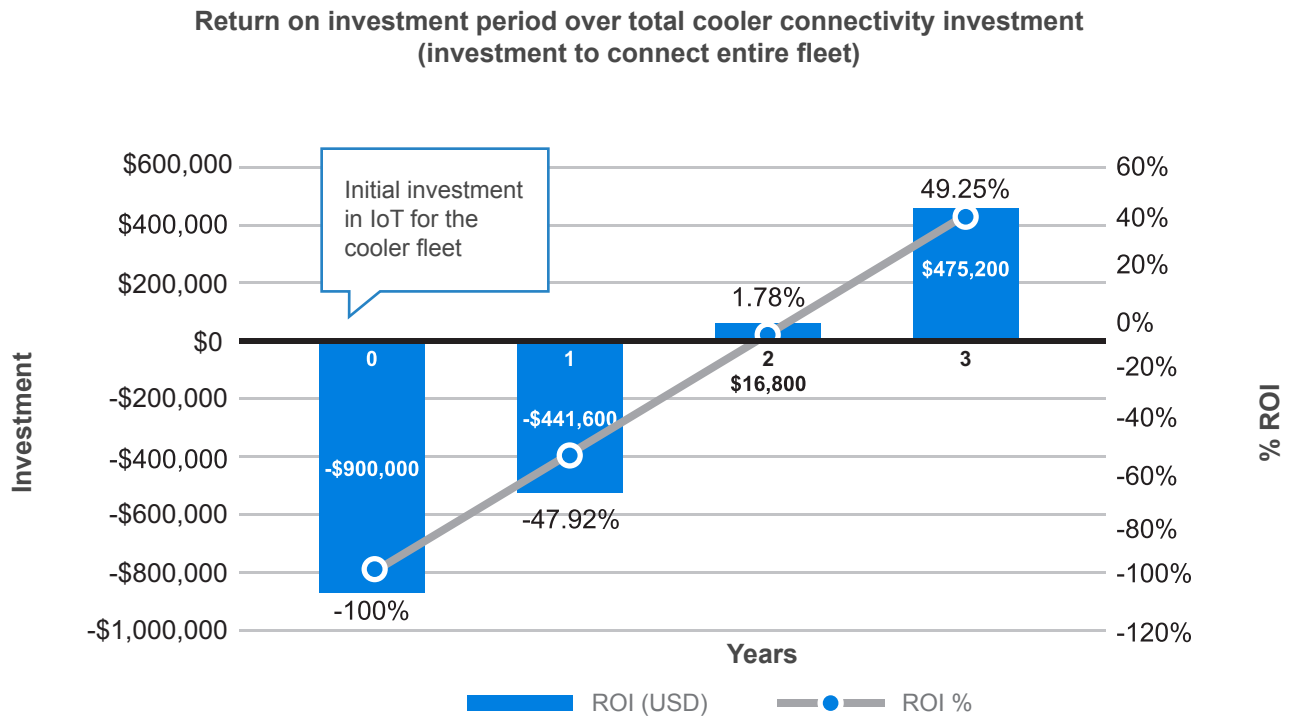
Note: In many cases, the coolers were simply returned after stating that they belonged to the bottler. However, there were cases in which ownership was disputed. In these cases, the power of the IoT ecosystem became evident.

To demonstrate ownership, the customer controlled the cooler's functions from up to 30m away. This included turning the lights on and off, modifying variables of the refrigeration system and turning off the compressor. In the rare cases when the cooler was not willingly returned, the cooler was remotely disabled.



Results

After a proper implementation of IoT commercial refrigeration solutions, the client has located and recovered more than 40% of their lost or stolen coolers. These savings alone provide a return-on-investment (ROI) of two years from their investment in cooler connectivity.



After investing approximately \$900,000 USD in their commercial refrigeration IoT program, the recovery of lost coolers alone has provided an ROI within 24 months.

We are currently working with the customer to continue improving search strategies for coolers in the market and increasing this 40% recovery rate. Each market is dynamic and brings new challenges, however, lost assets are now regularly located thanks to both a well-implemented technology and the optimization of corporate resources.



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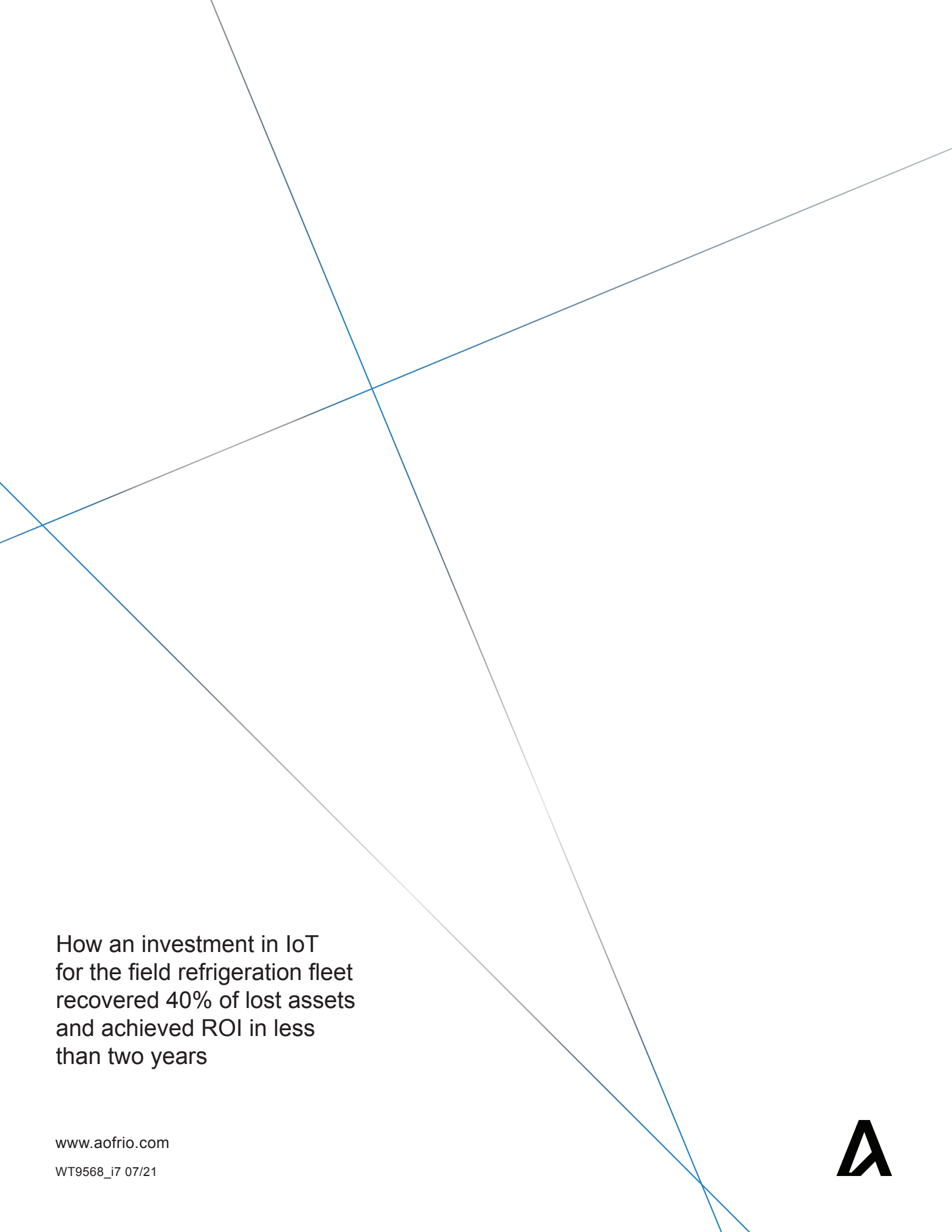
About AoFrio Limited:

AoFrio is a leading provider of IoT solutions, cloud-based fleet management platforms, energy-efficient electronic motors and connected refrigeration control solutions. It serves some of the world's leading food and beverage brands and refrigerator manufacturers and offers proximity-based marketing for Smart Cities to the Australian market. AoFrio's services and products improve sales, decrease costs and reduce energy consumption. Headquartered in Auckland with a global reach, AoFrio is listed on the New Zealand stock exchange under the ticker symbol NZ: AOF

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